

Section 4 Acceptance into the California e-file Program

4.1 Acceptance Process

Based on the type of Authorized FTB e-file Provider you enroll as, the acceptance process involves different steps:

- If you are an **ERO, Intermediate Service Provider, or a Transmitter**, but not a Software Developer, you must pass our suitability check.
- If you are a **Software Developer**, you must pass the Participants Acceptance Testing System (PATS) as instructed in FTB Pub. 1436 (Individual e-file) or FTB Pub. 1436B (Business e-file).
- If you **transmit returns directly to FTB**, you must pass the Participants Acceptance Testing System (PATS). Check your software, the PATS test returns may already be included for your convenience. You can also find the test returns and instructions in FTB Pub. 1436 (Individual e-file) or FTB Pub. 1436B (Business e-file).

Note: This acceptance process does not govern VITA (Voluntary Income Tax Assistance), TCE (Tax Counseling for the Elderly), or Not for Profit sites.

We will send you a letter of acceptance after you pass our suitability check and we process your initial e-file Program enrollment form. Please keep this letter for your records. We may ask you to produce this letter of acceptance if our staff visits your site. Each year thereafter, we require you to pass a suitability check, however, we will not send you another letter unless we deny your participation in our e-file Program.

If you are required to complete PATS testing, you must complete it before accepting or transmitting any “live” e-file returns. After you complete PATS, we will mail you your PATS approved letter, and for individual returns, a password for transmitting live transmissions.

A Few Words of Caution:

- Transmitters must verify they have been accepted into FTB’s program before transmitting “live” returns.
- Transmitters must not accept electronic returns **until FTB approves them for “live” processing.**
- Transmitters of individual returns **must use their production password to transmit “live” returns** to the FTB.
- Transmitters of Business returns must be sure to change their setting from "T" (test) to "P" (production) when transmitting "live" returns.
- Software Developers must inform their clients that they may use only the accepted version of the developer’s software. **Software Developers should not distribute their software until FTB notifies them of official acceptance.**

4.2 EFIN, ETIN, and Password Assignments

We use the following identifiers assigned by the IRS for California e-file purposes:

- EFIN (Electronic Filer Identification Number)
- ETIN (Electronic Transmitter Identification Number)

Software Developers, Transmitters, or Intermediate Service Providers with multiple EFINs or ETINs must use the number assigned by the IRS for transmitting California returns.

We will assign Transmitters a password for transmitting California individual e-file returns. We will assign Software Developers a password if they also transmit individual e-file returns.

4.3 Suitability Check

We perform a suitability check on all applicants. We also perform suitability checks on an annual basis for continuing e-file Program participants, with the exception of Software Developers who do not perform Transmitter services and VITA/TCE/Not for Profit sites.

The purpose of the suitability check is to ensure that:

- All business entities are valid and licensed.
- All personal and business tax returns are timely filed.
- All liabilities are paid or current.

In your first year of participation, you may not accept or transmit returns to FTB until you pass our suitability test and receive an acceptance letter from us.

In future years, we will notify you **only** if you do not pass our suitability test. If we deny your participation in our e-file Program, we will send a letter explaining the reason for denial. If we deny your participation and you attempt to submit returns electronically, we will reject the transmission.

Listed below are some common reasons why we deny applicants' acceptance into the California e-file Program. The following list is not all-inclusive:

- Failure to pass the IRS's suitability check.
- Failure to file accurate and timely returns, both business and personal.
- Failure to pay any State of California personal or business tax liabilities, penalties, or interest.
- Conduct of a disreputable nature that would reflect adversely on the Program.
- Misrepresentation on an enrollment form.
- Unethical practices in return preparation.

4.4 Transmitting Returns Directly to FTB – PATS

Note: If you will not transmit returns directly to FTB, you do not need to complete PATS.

If you plan to transmit returns **directly** to FTB rather than to your software company or transmitter, you are a Software Developer, you must pass the Participants Acceptance Testing System (PATS). FTB Pub. 1436, *Test Package for e-file of Individual Income Tax Returns* and FTB Pub. 1436B, *Test Package for e-file of California Business Tax Returns*, contain all the information you need to complete PATS. FTB Pub. 1436 and Pub. 1436B are available in late November of each year. You can also request a copy of FTB Pub. 1436 or Pub. 1436B, by calling e-Programs Customer Service at (916) 845-0353. e-Programs Customer Service staff will also help you during PATS. The purpose of PATS is to ensure, prior to “live” processing, that:

- Software Developers and Transmitters send returns in the correct format and meet our e-file specifications and have no validation (reject) violations.
- Transmitters can communicate with our e-file system to transmit returns as well as retrieve their acknowledgement files.
- Transmitters understand and are familiar with the mechanics of e-filing returns to FTB.

Note: Generally, if your software allows you to transmit returns directly to FTB, the software company will provide you with the PATS returns to submit to FTB.